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C O N F I D E N T I A L SECTION 01 OF 03 NEW DELHI 000924

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DEPARTMENT OF ENERGY FOR TOM CUTLER, ROBERT BOUDREAU, MARY GILLESPIE

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TAGS: [PREL](#) [PARM](#) [TSPL](#) [KNNP](#) [AORC](#) [ETTC](#) [IAEA](#) [ENRG](#) [TRGY](#)

IN

SUBJECT: INDIA-IAEA: NEXT DIRECTOR GENERAL, SAFEGUARDS, HAGUE CODE OF CONDUCT, FUEL BANKS

REF: A. STATE 46302  
[1](#)B. STATE 40824  
[1](#)C. NEW DELHI 805  
[1](#)D. UNVIE 189  
[1](#)E. STATE 36818  
[1](#)F. STATE 32920  
[1](#)G. STATE 4489  
[1](#)H. STATE 88873

Classified By: Acting Political Counselor Les Viguerie for Reasons 1.4 (B and D)

[1](#)1. (C) SUMMARY. India will wait until the last moment to decide which candidate to support as the new IAEA Director General, according to Ministry of External Affairs (MEA) Joint Secretary for Disarmament and International Security Affairs (DISA) Gaddam Dharmendra. Dharmendra believed that South African Abdul Minty would fade from contention and Spaniard Luis Echavarri could be formidable if he commands European support. As in previous rounds, he expected that External Affairs Minister Pranab Mukherjee would personally make the final decision. On civil nuclear cooperation, Dharmendra shared that he had received instructions to move ahead with bringing India's IAEA Safeguards Agreement into force and making its facilities declaration despite the elections, saying he hoped to complete the process within weeks. Foreign Secretary Shivshankar Menon told Ambassador Burleigh May 6 that India was awaiting Canada's agreement to transition several facilities from bilateral, facility-specific safeguards to the new umbrella safeguards, though the Canadian political counselor was unaware of the issue. According to Dharmendra, India's "difficulties" with the Hague Code of Conduct Against Ballistic Missiles (HCOC) would remain at least until a new government revisited India's position. India viewed itself as a potential supplier in any IAEA fuel bank arrangement, according to Dharmendra, who advised that the IAEA play a central, "apolitical" role in designating fuel suppliers and determining the criteria for recipients. END SUMMARY.

India Will Wait Until Last Minute on IAEA DG Vote

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[1](#)2. (C) Ministry of External Affairs (MEA) Joint Secretary for Disarmament and International Security Affairs (DISA) Gaddam Dharmendra was noncommittal in response to ref A demarche May 7 urging India to support Yukiya Amano (Japan) as the new

IAEA Director General. He thanked us for making our position known and gave his assurance that he would take our position into account in formulating his recommendation. Dharmendra again hinted that the decision would ultimately be made by External Affairs Minister Pranab Mukherjee (based in part on Dharmendra's assessment), adding that India would wait until the last moment to decide (refs B, C).

¶3. (C) In a preliminary conversation May 5, Dharmendra said he expected the Europeans to converge upon a single candidate, likely Luis Echavarri (Spain). He dismissed the candidacy of Ernest Petrovic (Slovenia) and thought Echavarri's candidacy would undermine European support for Jean-Pol Poncelet (Belgium), labeling the former Areva executive an "industry maverick." Dharmendra included Abdul Minty (South Africa) among those he expected to fall from contention, despite the fact that India supported Minty in the previous rounds. Dharmendra thought Minty would be unable to gather more than "the usual 15 or so votes," adding that he would be unable to gain the support of the Europeans or the U.S. He did not mention Amano, but confirmed that MEA had been demarched again by Japan, as well as by Spain and Slovenia. He said he was most interested in observing whether the Europeans would come together around a single candidate. (COMMENT: Notwithstanding Dharmendra's dismissal of Minty's chances, India may continue to support him as long as he remains in the race before shifting to a more likely winner. Dharmendra seemed to be weighing the viability of Echavarri as a compromise candidate, but also seemed genuinely grateful to learn that we had come out in favor of Amano. END COMMENT.)

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India Could Bring IAEA Safeguards Into Force Within Weeks,  
Canada May Be Impediment

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¶4. (C) On civil nuclear cooperation, Dharmendra volunteered that the Indian Government intended to move ahead with bringing its IAEA Safeguards Agreement into force despite the elections. Commenting on a recent press report that the Safeguards could be brought into force within six weeks, Dharmendra said, "We're looking at a quicker timeline." Asked whether the Indian Government would also make the facilities declaration at the same time, Dharmendra replied "The works, all at once." Dharmendra also confirmed that India was not awaiting any action by the IAEA and that the decision to bring the Safeguards into force was entirely an internal matter. He would not be drawn out further, but confirmed that the Ministry did not need to wait for the new government.

¶5. (C) Foreign Secretary Shivshankar Menon shared with CDA Ambassador Burleigh in an aside May 6 that India was awaiting agreement from Canada to transition several facilities from the legacy, bilateral, facility-specific safeguards to the India's new umbrella Safeguards Agreement approved by the IAEA Board in September 2008. Menon characterized the new safeguards as more robust. Canadian Political Counselor Ken McCarthy told Poloff May 6 that he was unaware of any such constraint. He said a team from Ottawa would arrive in the next couple of weeks to continue negotiations toward Canada's bilateral cooperation agreement with India, but as far as he knew the transition from the old to the new safeguards was not a problem. He said he would inquire as to whether the legacy safeguards are a sticking point. (COMMENT: Menon's statement is consistent with prior statements by Department of Atomic Energy (DAE) Chairman Dr. Anil Kakodkar that India had to "do its homework" with Canada and others prior to bringing the new safeguards into force, but little progress appears to have been made. Dharmendra's reference to completing work on the safeguards within the next several weeks may refer to this same issue. END COMMENT.)

Problems with the Hague Code of Conduct, Awaits New Government

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¶6. (C) Dharmendra replied to ref D demarche that India had "some difficulties" with the Hague Code of Conduct Against Ballistic Missiles based on the inability to differentiate between technology used in ballistic missiles and space launch vehicles. He provided a copy of India's statement at the UN First Committee from October 2008, in which India abstained on the resolution (text reproduced in paragraph 10). Dharmendra said India would not change its position prior to the arrival of the new government in June.

#### India Views Itself as a Supplier on IAEA Fuel Bank

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¶7. (C) Dharmendra observed that India, with its full fuel cycle capabilities, should be counted among the suppliers in any fuel bank arrangement. India agreed in principle that the model of one country relying on another for fuel could work, citing the example of Spain and France. He shared that Russia -- joined by Kazakhstan -- was actively positioning its Angarask facility to be a possible node in a fuel bank network. He added that India would likely propose its Hyderabad Nuclear Fuel Complex as another node.

¶8. (C) Dharmendra said India did not yet have a preference among the "various and numerous" plans circulating for the architecture of a fuel bank, but he stressed two points. First, India would insist that the supply criteria be based on factors such as the intended use of the fuel and the record of the recipient rather than on "political considerations." Second, he observed that the IAEA statute authorized the Agency to act as a fuel repository and that it could play a central role in determining what countries get access to fuel and under what circumstances. He shared that

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"some countries, you know which ones" in the Non-Aligned Movement (NAM) perceived fuel banks as another move to tighten nonproliferation controls. When the debate begins, according to Dharmendra, "Some countries will question why they cannot be suppliers." He advised that we keep in mind the IAEA mandate as a fuel repository and the central "apolitical" role it could play in designating suppliers.

#### Other Outstanding Demarches

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¶9. (C) Dharmendra confirmed that MEA was working on replies to several outstanding demarches (refs E, F, G, H). He confirmed that ref E, on Part 810 licenses, was being considered by MEA's lawyers and the Department of Atomic Energy (DAE). He hoped the additional requirements imposed on India by the Hyde Act would not cause concern. Dharmendra hoped to have responses to refs F and G in another week or so. He was aware that efforts were being made to schedule a trilateral U.S.-UK-Israel demarche (ref H) with Foreign Secretary Menon.

#### Text of India's October 2008 Hague Code of Conduct Statement

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¶10. (U) Begin text:

India is fully committed to non-proliferation of weapons of mass destruction and their means of delivery, including ballistic missiles. The proliferation of ballistic missiles in our region has adversely impacted on India's security.

There is no legal regime governing the possession and use of Missiles. The complexity of this issue arises mainly due to the untenable claims made by some states for the exclusive rights for the possession of advanced weapon systems and their continued modernization. Any initiative to address these concerns in a sustainable and comprehensive manner should be through an inclusive process based on the principle

of equal and legitimate security.

We welcome the fact that the GGE on Missiles in all its aspects emphasized in its report (A/63/176) the important role of the United Nations in providing a more structured and effective mechanism to build a consensus.

India has abstained on this resolution as it does not adequately recognize the need for a more inclusive approach, such as the one recommended in the GGE report. Furthermore, it is noteworthy that several of the sponsors of this resolution had their experts on the GGE on Missiles which had adopted its report by consensus.

BURLEIGH